4.6 Disbursement Modifications

4.6.1 Eliminate Loan and Disbursement Cancellations

1999-2000 Modification: Eliminate loan and disbursement cancellations. Loan Amount Approved, Anticipated Disbursements and Actual Disbursements CANNOT be canceled but can be adjusted to $0.

Upon implementation, this modification affects only 1999-2000.

Currently, a school can cancel an entire loan, an anticipated disbursement, and an actual disbursement. However, once a loan or disbursement is canceled, no further processing can occur on the loan or disbursement. If a loan or disbursement is canceled by mistake, there is no reversal process.

Starting in 1999-2000, an actual or an anticipated disbursement can be adjusted to $0 but NOT canceled. If a school later decides to activate this disbursement, the disbursement can be adjusted upward.

This same principle is applied to a loan. A loan can be adjusted to $0 by reducing the Loan Amount Approved to $0 and all anticipated and actual disbursements to $0. The loan can NOT be canceled but is adjusted to $0. This gives a school the flexibility to activate the loan at a later date by increasing the Loan Amount Approved, increasing the anticipated disbursements and increasing the actual disbursements.

Thus, in 1999-2000 actual disbursements can be adjusted upward and downward, and adjusted to $0 by transmitting an "A"—Adjusted Disbursement Amount transaction (Field #3), to the LOC on the Disbursement Record (DESD00IN/Batch Type #H). This process is currently in place. However, Disbursement Cancellation transactions are eliminated and are NOT accepted by the LOC for 1999−2000. Therefore, "C"—Canceled Disbursement, is no longer a valid Disbursement Activity. When adjusting actual disbursements, a school must keep in mind that actual disbursements cannot exceed the Accepted Promissory Note Amount at the LOC. This edit is discussed in detail in Section 6.2.

Anticipated disbursements can be adjusted upward and downward, and adjusted to $0 by transmitting a Change Record (DESC00IN/Batch Type #E) to the LOC. This process is currently in place. However, Cancellation Change Records are NOT accepted for 1999-2000. Therefore, Change Transmit Numbers for Cancellation Code (S042, S052, S062, S072) and Cancellation Date (S043, S053, S063, S073) are eliminated for 1999-2000.

A loan can be adjusted upward and downward, and adjusted to $0 by transmitting a Change Record (DESC00IN/Batch Type #E) to the LOC to adjust the Loan Amount Approved (Change Field Transmit−S029). However, Entire Loan Cancellations are NOT accepted for 1999−2000.

Therefore, Change Transmit Numbers for Entire Loan Cancellation (S090) and Entire Loan Cancellation Date (S091) are NOT valid for 1999-2000.

- If the change to adjust the LAA to $0 is received by the LOC and all actual disbursements are not already adjusted to $0, the LAA change is rejected.

- If the LOC receives a change to adjust the LAA to $0 and the anticipated disbursements are not already adjusted to zero, the LAA change rejects. New Change Reject code.

To adjust a loan to $0, the actual disbursements must be adjusted to $0 and accepted by the LOC. Then, the anticipated disbursements can be adjusted to $0 and the Loan Amount Approved can be adjusted to $0. The Change Record to adjust the anticipated disbursements and the Loan Amount Approved can be transmitted to the LOC on the same day.

If a school attempts to adjust the Loan Amount Approved to $0 and all actual and/or anticipated disbursements are not adjusted to $0, the Loan Amount Approved Change Record is rejected with Change Reject Code 90—Changing Loan Amount Approved to $0 requires all anticipated and/or actual disbursements to be adjusted to $0.

Note: A Loan Amount Approved change to $0 is accepted if the actual disbursement gross amount at the LOC is $1 or $-1 instead of $0, since it is possible for a difference of $1 to exist between the school and the LOC due to rounding.

To increase a loan from $0, the anticipated disbursements and the Loan Amount Approved must be increased first. The Change Record, to adjust both of these records, can be transmitted to the LOC on the same day. However, these records must be accepted by the LOC before the actual disbursements can be increased.

If a school attempts to increase the Loan Amount Approved to $0, before increasing the anticipated disbursements, the Loan Amount Approved Change Record is rejected with Change Reject Code 91—Prior to increasing the Loan Amount Approved from $0 requires anticipated disbursements to be increased.

Note: When increasing the Loan Amount Approved, a school must keep in mind that the Loan Amount Approved cannot exceed the Accepted Promissory Note Amount.

A Loan is considered inactive by the LOC when the Loan Amount Approved = $0, all anticipated disbursements = $0, and all actual disbursements = $0. Inactive loans are NOT reported on the 30-Day Warning Report (DIWR00OP).

A new pre-formatted, optional "Inactive Loan Report" (Message Class ED0600OP) is generated monthly to list the inactive loans at the LOC for a specific school. These loans no longer appear on the school's 30 Day Warning Report. This report is discussed in more detail in the Report Modifications Section 4.9.2—New Optional Report to Identify Inactive Loans.

Important

This new process eliminates the concept of "Accepted But Not Applied" for Disbursement Records, since cancellations are eliminated. If disbursements and adjustments are received in the same cycle at the LOC, both transactions book. Therefore, "L"—Accepted But Not Applied—is eliminated in 1999-2000 as a Booked Status.

Business Rules:

- Disbursement Cancellations (actual and anticipated) are eliminated. Actual and anticipated disbursements can be adjusted to $0, increased or decreased.

  − Actual Disbursements cannot be adjusted to exceed the Accepted Promissory Note Amount. If an actual disbursement exceeds the amount on the accepted p-note, the LOC rejects the disbursement adjustment with Reject Code 25—Actual Disbursement exceeds the amount on the accepted Promissory note at the LOC for this loan.

  − When a school adjusts an actual or anticipated disbursement to $0, the Loan Amount Approved does NOT have to be adjusted to $0.

- Loan Cancellations are eliminated. A loan can be adjusted to $0, increased, or decreased by adjusting the Loan Amount Approved.

  − Loan Amount Approved can be adjusted up or down, but never more than the Accepted Promissory Note Amount. The Accepted Promissory Note Amount is a new field (Field #14) on the Promissory Note Acknowledgment.

- To adjust a loan to $0 the following steps must occur in this order:

  − Step 1: Actual disbursements must be adjusted to $0 and accepted at the LOC before adjusting the LAA to $0.

  − Step 2: The anticipated disbursements must be adjusted to $0 and the LAA to $0. These transactions can be generated and transmitted to the LOC on the same day. Otherwise, the anticipated disbursements must be adjusted to $0 first.

  If all anticipated and/or actual disbursements are not adjusted to $0, the Loan Amount Approved Change Record is rejected with Change Reject Code 90—Changing Loan Amount Approved to $0 requires all anticipated and/or actual disbursements to be adjusted to $0.

  Note: Due to the way rounding is performed, it is possible for the LOC to have a difference of $1 between a school's actual disbursement gross amount and the LOC's actual disbursement gross amount. Therefore, an Loan Amount Approved changed to $0 is accepted if the actual disbursement gross amount at the LOC is $1 or $-1.

- To increase a loan from $0 the following steps must occur in this order:

    – Step 1: The anticipated disbursements must be increased and the Loan Amount Approved must be increased. These transactions CAN be generated and transmitted to the LOC on the same day.

    – Step 2: Actual disbursements can be increased and accepted at the LOC.

- When the Loan Amount Approved = $0, all anticipated disbursements = $0, and all actual disbursements = $0, the loan is considered inactive by the LOC.

    – Inactive loans are not reported on the 30–Day Warning Report (DIWR00OP).

    – Inactive Loans are reported on a new pre-formatted, optional, monthly "Inactive Loan Report" (Message Class ED0600OP).

EXAMPLE

A school needs to adjust a loan to $0. The current Loan Approved Amount is $2000 with two $1000 anticipated disbursements. The first actual disbursement of $1000 has been disbursed and accepted by the LOC.

Case 1: The school sends a Disbursement file (DESD00IN) to the LOC with an Adjusted Disbursement Record of $1000 to adjust the first actual disbursement to $0. The LOC returns a Disbursement Acknowledgment (DIOD00OP) accepting this adjustment record.

The school then submits a Change Record to decrease the first and second anticipated disbursement to $0 and to decrease the Loan Amount Approved to $0.

Both Change Records are accepted and the **loan is adjusted to $0.**

Case 2: The school sends a Disbursement file (DESD00IN) to the LOC with an Adjusted Disbursement Record of $1000 to adjust the first actual disbursement to $0. The LOC returns a Disbursement Acknowledgment (DIOD00OP) accepting this adjustment record.

The school then submits a Change Record to decrease the Loan Amount Approved to $0. The Loan Amount Approved Change Record is rejected with an Change Reject Code of 90—Changing Loan Amount Approved to $0 requires all anticipated and/or actual disbursements to be adjusted to $0.

In this case, the school did NOT adjust the anticipated disbursements to $0. **The loan is NOT adjusted to $0.**

Case 3: The school sends a Disbursement file (DESD00IN) to the LOC with an Adjusted Disbursement Record of $1000 to adjust the first actual disbursement to $0.

The same day the school submits a Change Record to decrease the first and second anticipated disbursements to $0 and to decrease the Loan Amount Approved to $0. The Loan Amount Approved Change Record is rejected with a Change Reject Code of 90—Changing Loan Amount Approved, to $0 requires all anticipated and/or actual disbursements to be adjusted to $0. This occurs because the Loan Origination process runs prior to the Disbursement process at the LOC.

In this case, the school did wait for the actual disbursement adjustments to be accepted by the LOC. Thus, the actual disbursements are NOT adjusted to $0 at the time of processing. **The loan is NOT adjusted to $0.**

4.6.2 Implement New Disbursement Edit—Actual Disbursement Cannot Exceed the Accepted Promissory Note Amount

1999-2000 Modification: Actual disbursements cannot exceed the Accepted Promissory Note Amount.

Upon implementation, this modification affects only 1999-2000.

To ensure that Actual Disbursements do not exceed the Accepted Promissory Note Amount, a new disbursement edit is added for 1999-2000. When processing Actual Disbursements Records or Actual Disbursement Adjustment Records, the LOC compares the total accepted gross disbursements for a loan with the Accepted Promissory Note Amount on file at the LOC.

If the incoming Actual Disbursement Record or Actual Disbursement Adjustment Record causes the loan to exceed the Accepted Promissory Note Amount, the Disbursement Record is rejected with Disbursement Reject Code 25—"Actual Disbursement exceeds the amount on the accepted Promissory note at the LOC for this loan."

Business Rules:

- For a Disbursement Record (DESD00IN) the LOC edits the incoming disbursement or adjustment to ensure that the total accepted gross disbursements at the LOC for this loan do NOT exceed the Accepted Promissory Note Amount on file at the LOC.

- If the incoming disbursement or adjustment causes the loan to exceed the Accepted Promissory Note Amount, the Disbursement Record is acknowledged (DIOD00OP) as rejected. The Disbursement Acknowledgment (Field #16) displays a Disbursement Reject Code of 25— Actual Disbursement exceeds the amount on the accepted Promissory note at the LOC for this loan.

- The new reject code 25 appears in the Custom Edits section under Disbursement Reject Codes.

EXAMPLE:

Scenario: The LOC has a Master Promissory Note (MPN) on file with an Accepted Promissory Note Amount of $2,625 for a dependent, first year student. Linked to this MPN are two loans. The subsidized loan has a loan amount approved of $1,000 and the unsubsidized loan has a loan amount approved of $1,625. The school has fully disbursed both loans. Thus, the total gross loan amount is $2,625.

For the Subsidized Loan, the school submits a second actual disbursement adjustment to increase the first disbursement from $1,000 to $2,000. The adjustment record is rejected with a reject code of 25—Actual Disbursement exceeds the amount on the Accepted Promissory Note Amount at the LOC for this loan.

(Note: In this example, we have added spaces between data fields for ease of reading and have included only some of the fields contained in the record layout. For actual record layouts, please refer to the Custom Layout Section 1.)

Disbursement (Export to Loan Origination Center) (DESD00IN)

Disbursement Actual Gross Amount	Disbursement Actual Loan Fee Amount	Disbursement Actual Net Amount	Disbursement Actual Net Adjustment Amount
02000	00080	01920	01000

Disbursement Acknowledgment:

(Note: In this example, we have added spaces between data fields for ease of reading and have included only some of the fields contained in the record layout. For actual record layouts, please refer to the Custom Layout Section 1.)

Disbursement Acknowledgment (Import from Loan Origination Center) (DIOD00OP)

Disbursement Activity Taken Status	Transaction Date Status
25	"blank"

4.6.3 Process Date Changes to an Actual Disbursement

1999-2000 Modification: A new disbursement activity transaction of "Q"—Adjusted Disbursement Date, is added to allow the processing of date changes to actual disbursements.

Upon implementation this modification affects only 1999-2000.

Currently, a school cannot change the date on an actual disbursement once the record is transmitted and accepted by the LOC.

Starting in 1999-2000, a new disbursement activity transaction of "Q"—Adjusted Disbursement Date, is added to the disbursement process to allow schools to change the transaction date of an actual disbursement. This transaction allows a disbursement date change but does NOT allow a school to change an adjustment date.

To change an actual disbursement transaction date, a disbursement must already exist as accepted on the LOC database. Next, the school transmits a Disbursement Record (Message Class DESD00IN/Batch Type #H) to the LOC. The following fields on the record layout must contain the following data to indicate an Adjusted Disbursement Date transaction:

Field Name and Number	Data Entered
Disbursement Number (Field #2)	Must be the disbursement number of a previously accepted disbursement.
Disbursement Activity (Field #3)	"Q" = Adjusted Disbursement Date
Transaction Date (Field #4)	New Disbursement Date
Disbursement Sequence Number (Field # 5)	Must be a unique disbursement sequence number and the next one in sequence.
Disbursement Amounts: • Disb. Actual Gross Amt (Field #6) • Disb. Actual Loan fee Amt (Field #7) • Disb. Actual Net Amt (Field #8) • Disb. Actual Net Adjustment Amt (Field #9)	For an Adjusted Disbursement Date transaction, these fields **MUST BE BLANK.**
Disbursement Acknowledgment Date/Original Disbursement Date of a Disbursement Change Date Activity (Field #26).	Original Disbursement Date

Business Rules:

- A new disbursement activity "Q,"—Adjusted Disbursement Date, is used to change transaction dates on an actual disbursement. The booked date does not change.

- A Disbursement Record for a "Q" transactions only for date changes, NOT changes to the actual disbursement amount.

- The Transaction Date on an actual Disbursement Adjustment Record CANNOT be changed

- An actual disbursement must exist and be accepted by the LOC before an Adjusted Disbursement Date, "Q" transaction can be processed and accepted.

- The Adjusted Disbursement Date is submitted on the Disbursement Record (DESD00IN) and acknowledged on the Disbursement Acknowledgment (DIOD00OP).

- The Adjusted Disbursement Date transaction must have a Disbursement Sequence Number. This Disbursement Sequence number must be unique to this transaction and CANNOT be used for a future disbursement transaction.

- An Adjusted Disbursement Date transaction MUST be accepted by the LOC in order for the change to be stored on the school's Direct Loan system. The school should also retain the original date as part of the disbursement's history.

- The new date and the original date is stored on the LOC database.

- A school can process multiple Adjusted Disbursement Date transactions on a single actual disbursement and this transaction is an option for the schools until program year close−out.

- All date edits performed on the original disbursement date are performed on the new date when the LOC processed the Adjusted Disbursement Date "Q" transaction. In addition:

    − An actual disbursement must exist. (See Example, Scenario 1)

    − Adjusted Disbursement Date CANNOT be before previous disbursement transaction dates for that loan. (See Example, Scenario 2)

    − An Adjusted Disbursement Date CANNOT be a date later than an accepted subsequent disbursement number. (See Example, Scenario 3)

    − An Adjusted Disbursement Date can be entered with a date before or after any adjustment to that disbursement. (See Example, Scenario 4)

    − An Adjusted Disbursement Date "Q" transaction, CANNOT change the disbursement date to a date more than 120 calendar days after the original disbursement date unless exception processing is approved by the Department.

- Adjusted Disbursement Dates are NOT reflected on the Direct Loan School Account Statement (DLSAS), as this would cause dollars to be reported multiple times.

- If a school sends an Optional Loan Detail Exception File (DERC00IN/Batch Type #L) to the LOC, the LOC's uses the latest Adjusted Disbursement Date on file and not the original date as the DLSAS displays.

New Disbursement Edits affecting the Adjusted Disbursement Date are outlined in the chart below. Scenario for these edits are provided in the Example section.

Edit	Reject Code and Description
An accepted disbursement must be on file at the LOC for this specific disbursement number. Reject an Adjusted Disbursement Date if the original date does not match the actual disbursement. Reject an Adjusted Disbursement Date if the disbursement amounts changed and do NOT match the accepted disbursement on file at the LOC.	Reject code 17—Adjusted Disbursement Date not accepted. No Actual Disbursement Record on file at the LOC for this disbursement number.
Disbursement date may be changed forward or backward. This change date may not be prior to a previous actual disbursement date.	Reject code 18—Adjusted Disbursement Date not accepted. Disbursement date cannot be changed to a date prior to a disbursement date for a previous disbursement number.
The Adjusted Disbursement Date transaction CANNOT be later than any subsequent disbursement dates for any other disbursement numbers.	Reject code 19—Adjusted Disbursement Date not accepted. Disbursement date cannot be changed to a date later than the date of a subsequent disbursement for a subsequent disbursement number.
An Adjusted Disbursement Date transaction cannot change the disbursement date to a date beyond the current date.	Reject code 20—Adjusted Disbursement Date not accepted. Disbursement date cannot be changed to a date in the future of the current date.
An Adjusted Disbursement Date transaction cannot change a disbursement date to a date more than 120 calendar days after the original disbursement date, unless prior approval has been received by the Department.	Reject code 22—Adjusted Disbursement Date not accepted. Date change is more than 120 days after original actual disbursement date.
Both the new disbursement date and the original disbursement date are NOT provided in the Adjusted Disbursement Date transaction.	Reject code 23—Adjusted Disbursement Date not accepted. Submitted record must provide both the Transaction Date (New Disbursement Date) and the Original Disbursement Date.

EXAMPLE

Scenario 1: An actual disbursement must exist. In addition, Adjusted Disbursement Date Record must provide both the Transaction Date (new disbursement date) and the original disbursement date.

Disb. Number	Disb. Activity	Transaction Date	Disb. Sequence Number	Disb. Amount	Original Disb. Date	RESULT:
1	Q	05/01/2000	01	Blank	Blank	Rejected. **Reject Code 17**— Adjusted Disbursement Date not Accepted. No Actual Disbursement Record on file at the LOC for this disbursement number.
1	Q	09/01/1999	01	$1000	Blank	Accepted.
1	Q	09/15/1999	02	Blank	Blank	Rejected. **Reject code 23**—Adjusted disbursement Date not accepted. Submitted record must provide both the Transaction Date (new disbursement date) and the Original Disbursement Date.
1	Q	09/15/1999	02	Blank	09/01/1999	Accepted

Scenario 2: An Adjusted Disbursement Date CANNOT be a date in the future of the current date. **For this example the current date is 06/10/2000.**

In addition, an Adjusted Disbursement Date CANNOT be before previous transaction dates for that loan.

Disb. Number	Disb. Activity	Transaction Date	Disb. Sequence Number	Disb. Amount	Original Disb. Date	RESULT:
1	D	05/01/2000	01	$1000	Blank	Accepted.
1	Q	06/15/2000	02	Blank	05/01/2000	Rejected. **Reject Code 20**—Adjusted Disbursement Date not accepted. Disbursement date cannot be changed to a date in the future of the current date. **(The current date for this scenario is 06/10/2000.)**
1	Q	04/01/2000	02	Blank	05/01/2000	Accepted.
2	D	06/01/2000	01	$1000	Blank	Accepted
2	Q	03/15/2000	02	Blank	06/01/2000	Rejected. **Reject Code 19**—Disbursement date cannot be changed to a date prior to a disbursement date for a previous disbursement number.
2	Q	04/02/2000	02	Blank	06/01/2000	Accepted

Scenario 3: An Adjusted Disbursement Date CANNOT be a date later than an accepted subsequent disbursement number.

Disb. Number	Disb. Activity	Transaction Date	Disb. Sequence Number	Disb. Amount	Original Disb. Date	RESULT:
1	D	09/01/1999	01	$1000	Blank	Accepted.
2	D	03/15/2000	01	$1000	Blank	Accepted.
1	Q	04/01/2000	02	Blank	09/01/1999	Rejected. **Reject Code 19** —Adjusted Disbursement Date not accepted. Disbursement Date cannot be changed to a date prior to a disbursement date for a previous disbursement number.

Scenario 4: An Adjusted Disbursement Date can be entered with a date before or after any adjustment to that disbursement. In addition, a school can submit multiple "Q" transaction for the same disbursement.

Disb. Number	Disb. Activity	Transaction Date	Disb. Sequence Number	Gross Disb. Amount	Original Disb. Date	RESULT:
1	D	09/01/1999	01	$1000	Blank	Accepted.
1	A	09/15/1999	02	$500	Blank	Accepted.
1	Q	09/10/1999	03	Blank	09/01/1999	Accepted.
1	Q	10/01/1999	04	Blank	09/01/1999	Accepted.

4.6.4 Implement New Disbursement Edit¾Disbursement Sequence Numbers Must Be Sequential and Follow in Order

1999-2000 Modifications: Disbursement sequence numbers submitted to the LOC on Disbursement Records must not only be sequential, but follow in order.

Upon implementation this modification affects only 1999-2000.

Currently, some school Direct Loan Systems allow a school to save a Disbursement Record with a disbursement sequence number in sequence but not in order or with no sequence number. This process allows gaps in disbursement sequence numbers.

The Disbursement Sequence Number is the sequence of activity under an individual disbursement. The disbursement should be sequence 01 and all other activity follows in sequential order.

Starting in 1999-2000, disbursement sequence numbers MUST not only be sequential, but follow in order for all Disbursement Activity Transactions:

- Disbursements (D),
- Adjusted Disbursements (A), or
- Adjusted Disbursement Date (Q).

For example, a Disbursement Record (disbursement, adjustment, or adjusted disbursement date) with a disbursement sequence number of 01 is accepted by the LOC. The school then sends a Disbursement Record with a disbursement sequence number of 02 and this record accepts.

Then, the school submits a Disbursement Record with a disbursement sequence number of 04 and this record rejects with a Reject Code of 16 —Disbursement sequence number must be sequential and follow in order. The next disbursement sequence number must be 03.

Business Rules:

- Disbursement sequence number is Field #5 in the Disbursement Record (DESD00IN/DIOD00OP/Batch Type #H).

- Disbursement sequence number must be sequential and follow in order.

    Example: Disbursement sequence 01 is followed by 02, and 02 cannot be skipped. For instance, a school cannot used 01 and 03 and never submit 02. 03 would reject.

- Disbursement sequence numbers out of order reject with a Disbursement Reject Code of 16 —Disbursement Sequence Number must be sequential and follow in order.

EXAMPLE

Scenario: Disbursement 1 is an accepted actual disbursement for $1,000 with a disbursement sequence number of 01. The school submits an adjusted disbursement "A" transaction for this disbursement using disbursement sequence number 02 and the record accepts.

This week the school submits an adjusted disbursement date "Q" transaction with a disbursement sequence number 04 and the record rejects with a Disbursement Reject Code of 16 — Disbursement sequence number must be sequential and follow in order.

(Note: In this example, we have added spaces between data fields for ease of reading and have included only some of the fields contained in the record layout. For actual record layouts, please refer to the Custom Layout Section 1.)

Disbursement (Export to Loan Origination Center) (DESD00IN)			
Disbursement Number	**Disbursement Activity**	**Transaction Date**	**Disbursement Sequence Number**
1	Q	19991001	04

Disbursement Acknowledgment:

(Note: In this example, we have added spaces between data fields for ease of reading and have included only some of the fields contained in the record layout. For actual record layouts, please refer to the Custom Layout Section 1.)

Disbursement Acknowledgment (Import from Loan Origination Center) (DIOD00OP)	
Disbursement Activity Taken Status	**Transaction Date Status**
16	"blank"

4.6.5 Implement Disbursement Loan Limit Edits

1999-2000 Modification: Loan Limit edits are performed by the LOC during the Disbursement and Loan Origination process.

Upon implementation this modification affects only 1999-2000.

Currently, loan limit edits are not specific to individual loan limits and dependency status.

Starting in 1999-2000, loan limits are verified upon receipt of a Loan Origination Record, for all loans origination for the borrower at a specific school, using the borrower's academic year. Loan limits, again, are verified upon receipt of an Actual Disbursement Record for all loans disbursed for the borrower at multiple schools using the borrower's academic year.

Annual Loan Limits at the Disbursement Process

Annual loan limits across different schools are checked during the actual disbursement process instead of the loan origination process. Annual loan limits for **all** loans for a **specific borrower** are verified upon receipt of an actual disbursement or adjustment by using the amount of the actual gross disbursement submitted by your school in the Disbursement Record. All actual gross disbursements for a specific borrower for **any loans where the academic year equals or overlaps with the academic year of the loan being edited** are combined to determine if a loan limit is exceeded. If a loan limit is exceeded, the incoming Disbursement Record is rejected and not accepted by the LOC.

Thus, during the Disbursement process, annual loan limits are edited using the data from the Disbursement Record (actual disbursement or adjustment) and the Loan Origination Record it is associated with, by finding all loans for a specific borrower from the same or multiple schools, if applicable, with equal or overlapping academic years, and using the borrower's academic year, dependency status, loan type, grade level, and any additional unsubsidized eligibility flags.

Since the Actual Disbursement Record might be rejected when funds have already been disbursed to the students, it is very important to verify a borrower's current Direct Loan profile before disbursement. The Direct Loan profile for a specific borrower needs to include the loan approved amount and the actual gross disbursement for **all** loans a student has been approved for **with equal or overlapping academic years**. This includes approved loans at other schools which may not yet have been disbursed.

Business Rules:

- Annual Loan Limits are edited in the Disbursement process using Actual Disbursements, dependency status, grade level, loan type, additional unsubsidized eligibility flags, and the borrower's academic year (NOT Award year). This edit looks at all actual disbursements for a specific borrower at all schools where the borrower's academic year equals or overlaps the academic year of the actual disbursement being edited.

- Borrower's academic years at different schools CAN be equal or overlap.

- If an actual disbursement is rejected based on the loan limit edit the Disbursement Acknowledgment (DIOD00OP/Batch Type #H) displays a Disbursement Reject Code of 24—Disbursement Amount exceeds the maximum annual loan limit for this borrower at all enrolled schools for equal or overlapping academic years. Review the Duplicate Student Borrower Report to help resolve this issue.

- Duplicate Student Borrower Report identifies student borrowers at your school who have Direct Subsidized Loans and/or Direct Unsubsidized Loans approved at other institutions for equal or overlapping academic years.

Reminder: There is still a loan limit edit on the individual loan for a specific borrower at a specific school during the Loan Origination Process as discussed in Section 4.1.

EXAMPLE

A **first year, dependent student** is taking classes at two different schools with overlapping academic years at the same grade level. This student's annual maximum loan limit is $2,625. Both schools have accepted Loan Origination Records and accepted first actual disbursement at the LOC as follows:

	Loan Amount Approved	Academic Years	First Anticipated Disb.	Second Anticipated Disb.	First Actual Disb.	Second Actual Disb.
School A	$2625	09/06/1999 to 05/10/2000	$1213	$1212	$1213 (Accepted)	$1212
School B	$1000	11/16/1999 to 06/25/2000	$ 500	$ 500	$500 (Accepted)	$500

If **School A** transmits a second disbursement to the LOC for $1,212, **School A's second disbursement is rejected** because the combined disbursed loan amount would be $3,124 which exceeds the maximum annual loan limit of $2,625.

If **School B** transmits a second disbursement for $500 to the LOC, **School B's second disbursement is accepted**. The combined disbursed loan amount between the two schools is $2,213 and under the maximum annual loan limit of $2,625.